



Housing Finance Meeting #3 Notes

August 6, 2015
10:00 am to 12:00 pm
City of Grand Rapids Parking Services
50 Ottawa Avenue, NW

WORKGROUP MEMBERS PRESENT: Laurie Craft, Jeremy DeRoo (Co-Chair), Sue DeVries, Bob Gilewski, Ruth Kelly, Tim Kelly, Tom Kent, Ryan Kilpatrick, Helen Lehman, Senita Lenear, Matt McKerna, Carlos Sanchez, and Monica Steimle (Co-Chair)

STAFF PRESENT: Erin Banchoff, Connie Bohatch, Jonathan Klooster, Emily Madsen, and Johanna Schulte

WELCOME AND INTRODUCTIONS:

Monica Steimle led the group through introductions.

The group revisited the GR Forward Plan. The definition of affordable housing listed in the Glossary of Terms document uses the 30 percent of income standard¹. The group discussed the differences between that definition of affordable housing and the goal of a percentage of assisted housing in the GR Forward Plan. Tim Kelly mentioned that he hopes that through public review, they will receive feedback and can continue to have these discussions.

Notes from the July 23, 2015 meeting were reviewed. Carlos Sanchez noted the number of Section 8 vouchers managed by the Housing Commission is actually 3,190.

Jeremy DeRoo commented the income ranges were not included in the goal in the meeting notes. The goal identified at the last meeting should read, "While neighborhood distinction is valued, every neighborhood should have housing available for households whose income is less than 60 percent of AMI, between 60 and 80 percent of AMI, between 80 and 120 percent of AMI, and more than 120 percent of AMI."

The group reviewed the Glossary of Terms document.

Carlos Sanchez introduced documents which outlined the geographic distribution of housing vouchers. He explained that some census tracts have more units because of larger Section 8 projects. He explained that the Housing Commission receives more points from HUD if they use the vouchers outside of concentrated poverty areas. The tenant-based vouchers they distribute are pretty close to market rate which allows people to move into higher-cost areas.

¹ "Housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities"

The group discussed that area median income is an adjusted gross income which includes a few deductions (medical and possibly childcare). Mr. Sanchez explained the Housing Commission waiting consists of mostly female single-head of household families or elderly and disabled individuals. He explained the Housing Commission preferences veterans because of recent nation-wide initiatives. Mr. Sanchez stated the biggest barrier to project based Section 8 developments is the competition for tax credits. Jeremy DeRoo explained it is easier to receive tax credits if the project is also receiving support from the Housing Commission.

The group discussed the state Qualified Allocation Plan (QAP). Sue DeVries explained the QAP will be up for review again next year. The group discussed whether there will be significant changes. Jeremy explained how LIHTC is distributed and what projects are scored on.

The group discussed the points given to experienced developers and how impede smaller, local, non-profit developers.

MIXED-INCOME TOOLS AND INCENTIVES:

The differences between affordable housing project models and market rate development models was discussed. The group discussed existing mixed-income development models in Grand Rapids.

The 45 year affordability requirement for LIHTC was discussed as a factor in mixed-income development. City Commissioner Senita Leneer questioned how the City could engage in these obstacles. Jeremy DeRoo responded by suggesting the City advocate for a QAP which addresses the needs of Grand Rapids. The group discussed whether the QAP could give preference to projects which fall in line with City housing plans (e.g. Michigan Street Plan, CDBG, HOME, and GR Forward Plan). The group talked about creating a set-aside fund for City-backed projects. The group discussed how the QAP is not marketable to neighborhoods since it creates larger projects in downtown instead of smaller projects in neighborhoods.

The group discussed the PILOT program. The group talked about how the PILOT program has allowed developers to keep projects affordable.

The Building Michigan Communities Conference was discussed.

The group discussed partnering with Detroit to advocate for state-level changes. Carlos Sanchez explained that the walk scores have hurt Detroit development.

The City of Wyoming's PILOT program was discussed. The demographics in Wyoming have changed substantially in recent years. Connie Bohatch mentioned these conversations will also be a part of the regional five year plan.

Ryan Kilpatrick stated the more that the City of Grand Rapids provides its goals and plans, the more likely the MEDC will be able to assist in combining its goals with the City's interests.

The group discussed the Community Revitalization Program (CRP) which generally funds mixed-use multistory projects in traditional business corridors. The City of Grand Rapids and the MEDC have had discussions about whether CRP should always be used in Corridor

Improvement Districts. Mr. Kilpatrick explained the MEDC often funds market rate developments because the CRP is a gap financing tool. If the deal is solid without them, they will not be able to fund it. Mr. Kilpatrick explained it is difficult to combine LIHTC and CRP in a project because of their structure and requirements.

Mr. Kilpatrick said that given the MEDC's limited budget, there are other communities where the money would be better used since Grand Rapids has a relatively strong housing market.

The group discussed the large cuts recently in HOME funds. Lobbying at the federal level was discussed. Connie Bohatch commented that federal initiatives take money from CDBG and HOME.

Jonathan Klooster asked the group whether the City Economic Development Department should be giving preference to affordable and mixed-income developments.

Jeremy DeRoo stated if the strategy is to create more mixed-income communities, the City should not support projects which do not meet those goals.

The group agreed that the goals would have to be set up in relationship to the needs of a given census tract or neighborhood. The group discussed that it would require annual oversight and adjustment.

Connie Bohatch introduced the assisted housing inventory maps. The group discussed whether the data could include employment density, wages, and transportation. The group asked whether affordable homeownership and LEAD projects could be included. Data gathering was discussed as a potential piece of the recommendation.

The group decided the maps should be titled as rental units since they do not include affordable homeownership.

NEXT MEETING:

The group will review the Toolkit and begin to consider which tools could assist in mixed-income development. The group will think about what information and data they will want to make part of the recommendation. They will discuss housing trust funds, community land trusts, and CRA.

The final meeting will take place on August 20, 2015 from 10:00 am to 12:00 pm at Parking Services (50 Ottawa Ave. NW).